

## Message Text

UNCLASSIFIED

PAGE 01 STATE 156177

ORIGIN EA-09

INFO OCT-01 ISO-00 AS-01 ERDA-07 AID-05 CEA-01 CIAE-00  
COME-00 EPG-02 DODE-00 EB-07 FEAE-00 FPC-01 H-02  
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04  
USIA-15 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10  
/114 R

DRAFTED BY EA/IMS:ARDORNHEIM:LGR

APPROVED BY EA/IMS:EDWARD C. INGRAHAM

-----071086 061731Z /43

R 061447Z JUL 77

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

UNCLAS STATE 156177

E.O. 11652: NA

TAGS: ENRG, ID

SUBJECT: INDONESIAN LNG FOR CALIFORNIA

REF: STATE 140397

1. FPC OPINION AND ORDER ON REHEARING OF TRUNKLINE CASE  
ISSUED JUNE 30. UPON RECONSIDERATION, COMMISSION DECIDED  
TO PERMIT AUTOMATIC PASS-THROUGH OF CHANGES IN ALGERIAN  
LNG PRICES, WHICH ARE INDEXED TO CHANGES IN PRICE OF NO. 2  
AND NO. 6 FUEL OIL, BECAUSE "FORMULA IS REASONABLY WELL  
DEFINED AND PREDICTABLE AS TO TIMING, WITH ESCALATIONS  
OCCURRING TWICE A YEAR". IF SONATRACH-PANHANDLE SALES  
CONTRACT IS EVER RENEGOTIATED, HOWEVER, WHETHER IN ACCORD-  
ANCE WITH ONE OF ITS PROVISIONS OR NOT, THEN A "SECTION 4  
PROCEEDING" (REVIEW) BY COMMISSION WOULD BECOME NECESSARY.

2. COMMISSION ALSO DECIDED TO ALLOW "ROLL-IN" OF LNG  
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PRICE. IN VIEW OF FACT THAT TRUNKLINE PROJECT WOULD NOT  
BE FINANCEABLE IF INCREMENTAL PRICING WERE REQUIRED,  
COMMISSION FOUND THAT "TRUE ISSUE" WAS "WHETHER TO CERTIFI-  
CATE THIS PROJECT WITH ROLL-IN PRICING OR TO, IN EFFECT,  
KILL THE PROJECT BY USING INCREMENTAL PRICING." PROJECT  
COULD NOT BE ALLOWED TO DIE, BECAUSE A BACK-UP GAS SUPPLY  
WAS NEEDED TO PROTECT PRIORITY 1 LOADS AND BECAUSE

ALTERNATE FUELS ARE NOT AVAILABLE IN SUFFICIENT QUANTITY  
OR WITHIN A COMPARABLE PRICE RANGE TO OFFSET THE NEED FOR  
IMPORTED LNG".

3. COPY OF OPINION AND ORDER NO. 796-A WILL BE POUCHED  
TO EMBASSY. VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LITIGATION, POLICIES, COURT PROCEEINGS, PRICES  
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**Copy:** SINGLE  
**Sent Date:** 06-Jul-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** ARDORNHEIM:LGR  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 140397  
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**TAGS:** ENRG, ID, TRUNKLINE LNG COMPANY  
**To:** JAKARTA  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009